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C O N F I D E N T I A L SECTION 01 OF 02 SANTO DOMINGO 004501

SIPDIS

DEPARTMENT FOR WHA/CAR (MCISAAC)
NSC FOR SHANNON AND MADINSON
TREASURY FOR OASIA AND LAMONICA

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TAGS: [PREL](#) [PGOV](#) [EFIN](#) [EINV](#) [ENRG](#) [MCAP](#) [DR](#)

SUBJECT: TRANSITION #10 - THE AMBASSADOR MEETS WITH LEONEL FERNANDEZ

REF: SANTO DOMINGO

Classified By: Ambassador Hans H. Hertell, reasons 1.4 (b) & (d).

[1](#)1. (U) This is cable number 10 in our series covering the transition between the Mejia and Fernandez governments.

President-elect Fernandez - Two weeks from power

[1](#)2. (C) Summary. President-elect Leonel Fernandez told the Ambassador in a private meeting on August 3, 2004, that his government will renegotiate the IMF agreement, will receive a total of US \$750 million in assistance from Spanish hotel owners and the government of Venezuela, will work to fight corruption and will look for guidance in its efforts to right-size the Dominican military. End summary.

Economy and Energy

[1](#)3. (C) President-elect Leonel Fernandez told the Ambassador on August 3, 2004, that he plans to renegotiate the GODR agreement with the IMF as soon as practicable after taking office on August 16. Fernandez was critical of President Mejia and his handling of the economic crisis and the failure of the PRD-led government to comply with the terms of the current IMF agreement. Fernandez told the Ambassador that he plans to travel to Washington soon after his inauguration to meet with the IMF and USG officials.

[1](#)4. (C) In order to provide capital to the country, Fernandez has negotiated with hotel developers from Spain and expects to receive US \$500 million in return for rolling back the proposed tax on hotel rooms. Fernandez told the Ambassador that the assistance from Spain was a "firm commitment."

[1](#)5. (C) The Ambassador and Fernandez discussed the Dominican energy sector. Fernandez told the Ambassador that Venezuela would provide oil to the Dominican Republic at half the current world rate per barrel. In addition, Venezuela would provide US \$250 million in assistance. Fernandez offered to serve as a messenger between Venezuelan President Chavez and the United States. He also speculated that President Chavez would be successful in the upcoming Venezuelan referendum.

Corruption

[1](#)6. (C) The Ambassador and Fernandez discussed potential appointees to Fernandez's cabinet. Fernandez was grateful for the USG offer to vet potential appointees and receptive to the USG message that members of the in-coming administration should be free of ties to corruption. Fernandez assured the Ambassador that he will not allow corruption in his administration. Fernandez criticized the current Attorney General and said that he would "fry" former legal advisor to President Mejia, Guido Gomez Mazara. Fernandez also said that current Attorney General Victor Cespedes accepts sexual favors from incarcerated Colombian nationals in return for their release.

[1](#)7. (C) Fernandez denied rumors that he or his transition team is brokering a deal to drop criminal charges against former Baninter executives Ramon Baez Figueroa and Marcos Baez Coco. Fernandez said that Baez Figueroa's attorney, Vinicio Castillo, is not only one of the best attorneys in the Dominican Republic, but one of the best in the world. He told the Ambassador that when the case goes to trial, Castillo would implicate current President Mejia, Colonel Pepe Goico, Central bank Governor Jose Lois Malkun and members of the Baninter liquidation committee.

[1](#)8. (C) Fernandez expressed dismay at the state of the nation saying that there is no Dominican Republic to inherit and that he will be "restructuring the country from scratch."

Military matters

19. (C) Fernandez asked about methods for reducing the size of the Dominican military and professionalizing the troops. The Ambassador and Defense Attache suggested that the military would provide a good opportunity for Fernandez to demonstrate a &zero tolerance8 policy against corruption. Defense Attache will provide Fernandez with information on right-sizing the military and a copy of the current PRD administration's regional security strategy that Fernandez requested. The current Dominican regional security strategy has not yet been implemented.

Comment and action request:

110. (C) Comment. Fernandez was open and pleased to meet with the Ambassador. He appeared genuine when he told the Ambassador that his door will always be open for the Ambassador. Fernandez recognizes the importance of the strong bilateral relationship between our countries. He is predisposed to working with us, although he has a broader world view than outgoing President Mejia and will most likely dedicate more time to building relationships with Latin American and European partners. End Comment.

111. (C) Action Request: Embassy Santo Domingo requests Department assistance in scheduling the following meetings with Dominican President-elect Leonel Fernandez as soon as possible after Fernandez takes office (August 16): 1) The President (or drop-by meeting); 2) The Secretary; 3) NSA Dr. Condoleezza Rice; 4) Treasury Secretary Snow.

112. (U) Drafted by Angela Kerwin.

113. (U) This report and others in our transition and election series are available on our SIPRNET site <http://www.state.sgov.gov/p/wha/santodomingo/> along with other material.
MARSHALL